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Viewing cable 04CARACAS884, INCREASED OIL SALES TO CUBA?

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cable's unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#04CARACAS884**.

Reference ID	Created	Released	Classification	Origin
04CARACAS884	2004-03-15 13:20	2011-08-30 01:44	CONFIDENTIAL	Embassy Caracas

Appears in these articles:

<http://www.mcclatchydc.com/2011/05/16/114269/wikileaks-cables-show-oil-a-major.html>

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L CARACAS 000884

SIPDIS

NSC FOR TSHANNON AND CBARTON
ENERGY FOR DPHUMPHREY AND ALOCKWOOD

E.O. 12958: DECL: 03/09/2014
TAGS: [EPET](#) [ECON](#) [VE](#) [CU](#)
SUBJECT: INCREASED OIL SALES TO CUBA?

REF: 2003 CARACAS 4192

Classified By: AMB. CHARLES S. SHAPIRO, FOR REASONS 1.4 (b) and (d)

SUMMARY

1. (C) Venezuela's crude and refined product exports to Cuba have been increased by an additional 25,000 b/d for an official total of 78,000 b/d, according to a maritime industry contact. Another Embassy source asserts that Cuba is now paying a larger portion of its debt to Venezuela with bonds emitted by the National Bank of Cuba. End Summary.

OIL SALES INCREASED

2. (C) On March 8, a maritime industry contact passed to econoff a copy of an internal PDVSA memo dated February 25, 2005 and signed by PDVSA President Ali Rodriguez, which authorizes delivery of an additional 25,000 barrels per day of crude and refined products to Cuba for the month of March 2004. Despite the fact that the one sentence memo authorizes "the delivery of an additional 25,000 b/d, between crude and products, for the month of March 2004 to Cupet (the Cuban state petroleum enterprise)," our contact believes this will be a permanent increase to 78,000 b/d instead of the 53,000 b/d stipulated in the Caracas Energy Accord of October 2002. Given that Venezuela's deliveries to Cuba averaged some 30,000 b/d over the 53,000 b/d ceiling in August-October 2003 (see reftel), econoff asked if future sales to Cuba would now likely exceed 100,000 b/d to which our contact responded

"yes." He also confirmed that Cuba's debt with Venezuela is nearing US\$1 billion.

CUBA CONTINUES TO PAY WITH BONDS

13. (C) Another source, formerly a highly-placed PDVSA executive, passed the text of another Cuba-related PDVSA document bearing Ali Rodriguez's signature to econoff. This document, translated informally in Para. 4 below, marks the formal transfer of approximately US\$251 million in National Bank of Cuba bonds from PDVSA to the Venezuelan treasury and states that this represents part of PDVSA's dividend payments to the GOV. Then PDVSA President General Guaicapuro Lameda informed econoff in early 2002 that he had instituted this practice of assigning the Cuban bonds to the treasury so that the central government could bear the risk of non-payment rather than PDVSA. The source who passed the document to us, however, added that Cuba had previously been expected to pay at least some portion of the short term portion of its debt in cash not bonds. He asserted, although we cannot confirm this, that Cuba is now paying the entire debt with bonds.

14. (C) An informal translation follows below:

In the city of Caracas, on the 27th of January 2004, citizen Ali Rodriguez Araque in his position as President of Petroleos de Venezuela S.A, and under the powers conferred by the Statutory Document of the corporation, in this Act delivers six payments emitted by the National Bank of Cuba, on the basis of the sales contract signed by PDVSA Petroleo S.A, affiliate of (Petroleos de Venezuela S.A.) with the Cuban Petroleum Union (CUPET) under the framework of the Integral Cooperation Convention, celebrated by the Bolivarian Republic of Venezuela with the Republic of Cuba on 30 October 2000, identified with the numbers 1/12, 4/12, 5/12, 6/12, 8/12 and 12/12 for an amount of US\$251,248,523.11 equivalent to Bs. 401,997,636,976 calculated at an exchange rate fixed for the sale of these reserves by the Central Bank of Venezuela at (1,600 bs) for each dollar, to citizen Carmen Teresa Melendez, National Treasurer, representing the Ministry of Finance, to receive the above mentioned quantity as part of the payment to the Bolivarian Republic of Venezuela of dividends by PDVSA, according to that agreed in the first annual Ordinary Assembly of the Board of Petroleos de Venezuela, on 16 December 2003.

COMMENT

15. (C) Maintaining subsidized oil sales to Cuba is likely to remain a high priority for Chavez, despite his own pressing need for cash. Word of additional sales to Cuba (assuming the 25,000 barrels are indeed new oil) has not yet hit the public but, with the Cuban debt climbing, it would undoubtedly be a hot button issue for the opposition.
SHAPIRO